SOME RELATIVE CONSIDERATIONS

The index of purchasing power of farm products for the month of July was 69 (in June 72, May 73). That is, the quantity of farm products required to buy $100 worth of other things in the year 1913 will now buy only $69 worth. It is true that this is compensated to some extent by the large crops, - purchasing power per acre rather than per bushel being the true index.

The relative position of coal, freight service, and farm products in 1921 was respectively 207, 177 and 108 (according to F. A. Pearson).

The purchasing power of farm products on the farm when expressed in terms of coal and freight charges was respectively 52 and 61 per cent of normal.

The purchasing power of railway employees, miners, and farm laborers in terms of the general price level were respectively 151, 130, and 96.

The purchasing power of wages of employees for railroads, mines, and agriculture in terms of coal were respectively 107, 92, and 68.

The purchasing power of laborers of railroads and mines in terms of farm products on the farm were respectively 206 and 177.

The purchasing power of wages scale in terms of freight revenue per ton-mile were: for railway employees 126 per cent of normal; coalminers 106; farm laborers 80.

In a nutshell, this measures the position of farmers and farm laborers during the past year relative to the railway and miner groups. This is not the first time the farmer has had to endure the economic tantrums of others and he knows that, given time, they provide their own undoing. It is an axiom in the country that the man who raises chickens must expect them all, good or bad, to come home to roost.

ESTIMATED CROP PRODUCTION COMPARED WITH OTHER YEARS

The following shows production of important crops in 1913, during "Wartime" period, last year, and estimates for this year, These are the compilations of the Division of Crop and Live-Stock Estimates, of this Bureau.

Figures given in millions, that is, six ciphers omitted.

Crop	1913 Production	1916-1920 Average	1921 Production	1922 July 1 Estimate	1922 Aug. 1 Estimate
Wheat, bu.					
Winter	523	526	587	569	542
Spring	240	233	208	248	263
All	763	799	795	817	805
Corn, bu.	2,447	2,831	3,080	2,860	3,017
Oats, bu.	1,122	1,413	1,061	1,187	1,251
Barley, bu.	178	197	151	182	192
Rye, bu.	41.4	67.8	57.9	82	79.6
Potatoes, bu.					
White	331	373	347	429	440
Sweet	59	88.8	98.7	111	112
Tobacco, lbs.	954	1,378	1,075	1,415	1,425
Flax, bu.	17.8	11	8.1	10.7	11.4
Rice, bu.	25.7	41.7	36.5	39.1	38.7
Hay, all, tons	64	102	96.8	107	110
Cotton, bales	14.1	11.9	8.0	11.5	11.4
Apples					
Total, bu.	145	179	98.1	190	202
Commercial, bbl.	---	26.8	21.2	31.4	33.4
Peaches, bu.	39.7	43.6	32.7	54.3	56

AVERAGE PRICES OF FARM PRODUCTS, MONTH ENDING AUGUST 1, 1922

Actual prices received at the farm by producers. Average of reports covering the United States, weighted according to relative importance of county and State. Figures compiled by Division of Crop and Live-Stock Estimates of this Bureau. Quotations in dollars or cents.

Shows 1913, year ago, and latest available month.

	July 1913	July 1921	June 1922	July 1922
Cotton, per lb.	¢ 11.5	9.8	20.4	20.7
Corn, per bu.	¢ 65.4	61.7	62.2	64.4
Wheat, per bu.	¢ 77.1	104.8	102.6	97.1
Hay, per ton	$ 10.43	11.73	11.91	10.97
Potatoes, per bu.	¢ 69.2	136.9	103.3	114.8
Beef cattle, per 100 lbs.	$ 5.98	5.40	5.84	5.76
Hogs, per 100 lbs.	$ 7.81	8.09	9.11	9.12
Eggs, per dozen	¢ 17.2	26.6	20.7	20.5
Butter, per lb.	¢ 24.9	34.1	32.7	33.2
Wool, per lb.	¢ 15.9	15.5	32.8	32.5

Potatoes and corn a trifle higher than the previous month. Wheat somewhat lower.

No material change among animal products.

It is worth noting that corn and cattle were the two major products selling below 1913 level.

Also, that when a pound of wool will buy a pound of butter, the stage is likely to be set for more sheep and fewer dairy cows in some regions.

PRICE INDEXES FOR MONTH ENDING AUGUST 1

1913 = 100

Farm products figures from Department of Agriculture; commodity groups from Bureau of Labor Statistics. Shows year ago, low point (December, 1921), and latest available month:

Farm Products
(Prices at the farm)

	July 1921	Dec. 1921	June 1922	July 1922	Month Trend
Cotton	77	130	164	167	- - Slightly higher
Corn	105	72	105	108	- - Slightly higher
Wheat	143	118	130	125	- - Lower
Hay	107	110	108	100	- - Lower
Potatoes	213	173	160	179	
Beef cattle	91	78	99	98	
Hogs	108	89	122	123	
Eggs	114	265	104	106	
Butter	107	152	121	123	
Wool	93	101	196	195	

Commodity Groups
(Wholesale Prices)

	July 1921	Dec. 1921	June 1922	July 1922	Month Trend
Farm products	119	113	131	135	- Slightly higher
Food, etc.	141	139	140	142	
Cloths & clothing	172	185	179	180	
Fuel & lighting	186	187	225	254	- Much higher
Metals & met. products	124	119	120	121	
Bldg. materials	160	203	167	170	- Slightly higher
Chemicals, etc.	129	161	122	121	
House-furnishing goods	180	218	176	173	- Slightly lower
All commodities	141	149	150	155	- Higher

RELATIVE PURCHASING POWER

(At July 1922 Farm Prices)

1913 = 100

In terms of:	Cotton	Corn	Wheat	Hay	Potatoes
	Of a Unit of:				
All commodities	108	70	81	65	115
Cloths, etc.	93	60	69	56	100
Fuel, etc.	66	43	49	39	70
Metals, etc.	138	89	103	83	148
Bldg. materials	98	64	74	59	105
House-furnishing goods	96	62	72	58	103

	Beef cattle	Swine	Eggs	Butter	Wool
All commodities	63	79	68	79	126
Cloths, etc.	55	68	59	68	108
Fuel, etc.	39	48	42	48	77
Metals, etc.	81	102	88	102	161
Bldg. materials	58	72	62	72	115
House-furnishing goods	57	71	61	71	113

The general index of purchasing power of farm products in terms of other commodities, as worked out by this Department, stood at 69 for July, compared with 72 in June and 73 in May.

The most outrageous disparity observable in this table is in the case of fuel. The latter is now beyond the reach of exchange for a large proportion of farm products.

SIGNIFICANT MOVEMENT OF FARM PRODUCTS

Figures show corn, hogs, cattle receipts at primary markets; butter receipts at 5 markets; wheat (including flour) and cotton exports. All figures given to nearest thousand:

Month	CORN Receipts Th. Bu.	HOGS Receipts Thousands	CATTLE Receipts Thousands	BUTTER Receipts Th. lbs.	WHEAT Exports Th. Bu.	COTTON Exports Th. Bales
1921 July	17,658	2,727	1,343	61,786	30,579	599
1922 Jan.	52,097	4,278	1,628	41,697	14,985	475
" Feb.	58,330	3,612	1,416	38,894	10,991	338
" Mar.	31,035	3,411	1,622	44,919	14,371	461
" Apr.	14,552	3,067	1,470	42,694	10,244	612
" May	27,083	3,737	1,878	68,893	14,267	469
" June	31,157	3,776	1,759	93,139	18,200	491
" JULY	25,975	2,980	1,709	92,829	19,098	374

General slowing-up in movement was the outstanding thing in July. This is a normal occurrence at the end of the crop year.

Fewer hogs, about same number cattle went to market, compared with previous months.

Butter still going into storage in large volume.

Wheat exports not very large compared with same month in recent years. Cotton ditto.

THE COLD STORAGE SITUATION

August 1 Holdings (Figures show nearest thousand)

Commodity	5 Year Average	Aug. 1, 1921	Aug. 1, 1922
Creamery butter, lbs.	97,027	82,838	103,329
American cheese, lbs.	54,368	41,283	46,286
Case eggs, cases	7,158	7,605	10,224
Total poultry, lbs.	31,403	21,188	30,678
Total beef, lbs.	145,111	84,091	46,978
Total pork, lbs.	823,934	727,569	684,445
Lamb and mutton, lbs.	4,675	6,750	3,307

Cold storage is the country's second line of defense. It is a shock absorber between production and consumption.

The outstanding present facts are that we have stored a heavy supply of butter and eggs, and that we are very low on meats.

As the stored supply is reduced, it has usually been true in the past that demand has tended to reach out more and more keenly to the farm supply, stiffening prices thereon. Such may be the situation in the case of beef; and the opposite might seem likely at present in the case of butter and particularly of eggs.

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ON THE WHEAT SITUATION

What the wheat grower would like to have somebody tell him is whether to sell his grain forthwith or to hold it for higher prices. In other words, what are prices going to do?

Naturally, we cannot assume the role of prophet. In the first place, nobody knows just what prices are going to do. The most any of us can do is to get together all the available information and base our individual decisions thereon.

It appears that Europe has in the current crop about 100,000,000 bushels less wheat than she had last year. Well-informed men think it possible that Western Europe may buy more wheat than last year, but doubt that they will buy enough more to make up all of this shortage. Long milling - that is - grinding into bread flour of a larger share of the whole wheat kernel - and substitution of coarse grains and potatoes may make up some of the difference.

The latest statistics compiled in this Bureau are as follows. These figures (given in round thousands of bushels) include estimates, and must be taken as only roughly indicative and of course subject to later revision:

	1921 Production	1922 Estimates	Apparent Change From Last Year
	(In Thousands of	Bushels)	
Europe	1,238,256	1,100,859	137,397 decrease
U.S., Canada, British India	1,351,031	1,492,320	141,289 increase
Other countries	125,785	93,635	32,150 decrease

The foregoing figures apply to the Northern Hemisphere. Reports estimate that Argentine seeding, which is now about complete, will be slightly larger than last year.

Thus, when we cast up all the totals, about all that can be safely said is that the whole situation is apparently closely balanced, and the Argentine and Australian crops next winter may be large factors either way. What Europe can do in the matter of financing large purchases we do not yet know. Exports are not starting off as heavily as in some other years.

Informed men appear to think that the present price of wheat is low, but that the basis for a very marked rise in the near future has yet to be developed.

ON THE COTTON SITUATION

The August 1 cotton estimate was for a yield per acre of about 157 pounds against 124 last year, and 163 five year average. That means a crop estimated at roughly 11,400,000 bales, or a half-million less than average. The trade appears inclined to think the crop will exceed this estimate somewhat, if weather and weevil are reasonably favorable.

In the eastern part of the cotton belt, the boll weevil will probably be the largest factor in the final out-turn of the crop; in the western part, the weather is playing a leading part. The following letter, date of August 15, is quoted from M. M. Daugherty, Farm Management Specialist in Texas:

"Just at this time it is very difficult to give a concise statement of the cotton situation in this State. To-day's prospects are for a three and one-half million bale crop for texas. However, between now and the first of September it may change violently either way. If the central and western part of the State get good rains for the next two weeks, it is believed the Texas cotton crop will be between 3,750,000 and 4,000,000 bales. If the present hot, dry weather continues for the next two weeks the Texas cotton crop may be cut to three million and one-quarter bales. In other words, we are at the turning point.

"The boll weevil has done relatively very little damage this year. It seems to be their off year. Cotton is blooming, but no bolls are being set, due to dry weather. If we get good rains the young bolls on the stalks will mature. If we do not, they will fall off. Our cotton crop is a question of rain. Normally it was a question of boll weevils."